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Local Government Strategies in Developing Entrepreneurship by Empowering Small and Medium Enterprises Based Online in Makassar City, South Sulawesi, Indonesia

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Abstract— The results of this study discuss the strategies of local governments in entrepreneurship development that provide opportunities to create empowerment for small and medium enterprises based on on-line, by actively participating in various businesses with new systems and products to meet the needs of the millennial generation. This research uses a mixed method, which is a research approach by combining or associating quantitative and qualitative forms, and involves philosophical assumptions, the application of quantitative and qualitative approaches. The results showed that: 1) the entrepreneurial potential of online-based small and medium enterprises in Makassar City is quite potential to be developed by local governments by involving stakeholders; 2) The government is expected to make policies that can encourage people to have an optimal willingness to be entrepreneurial in increasing on-line MSME activities in Makassar City, South Sulawesi. In entering the era of 4.0, micro, small and medium enterprises (MSMEs) are currently required to develop competitiveness through the use of digital platforms, by using an on-line system in conducting various buying and selling transactions, utilizing technology to support various activities of business actors, and use the expansion of industrial networks in marketing their products. Entrepreneurship can be a breakthrough for local governments in developing and advancing local revenue through various policies that provide opportunities for the wider community to promote entrepreneurship by empowering small and medium enterprises based on online.

Keywords: *Intensification, Land and Building Tax (PBB) Collection*

I. INTRODUCTION

Globalization affects various sectors of human life, especially in lifestyles ranging from children, adolescents, adults and the elderly. This lifestyle creates various opportunities and challenges in the world of entrepreneurship, namely the many changing needs in fulfilling human lifestyles, especially millennials. Entrepreneurship development provides an opportunity to create empowerment for small and medium enterprises, to participate actively in various businesses with new products to meet the needs of the millennial generation.

The government continues to encourage Small and Medium Enterprises to grow and develop through the Ministry of Cooperative and Small and Medium Enterprises. Currently, Micro, Small and Medium Enterprises (MSMEs) in South Sulawesi are encouraged to carry out rapid digital transformation as an innovation to revive the economy in line with sluggish purchasing power due to the pandemic. UMKM training continues until now, this training is carried out by preparing UKM that can run fast for their business revival after this pandemic ends, while this training was facilitated by K MSMEs facilitators for South Sulawesi Province. Other programs are also ongoing for MSME players, such as preparing access to marketing of SME and MSMEs products through social media. From these methods, their turnover can reach IDR 20 million to IDR 25 million a day. This phenomenon provides optimism for MSMEs, where the economy has the opportunity to grow positively through increasing the competitiveness of MSMEs, one of which is by accelerating the on-line system with digital adaptation. Industry 4.0 comes with cyber-physical and manufacturing collaboration [1], [2], then introduces flexible mass production technology and machines will operate independently or in coordination with humans [2], [3], then [4] added that industry 4.0 is used in 3 interrelated factors, namely: 1) digitization in economic and technological interactions, 2) digitization of products and services, 3) new market capital.

The efforts made by the government include helping promotions through exhibitions, as well as collaborating with marketplaces. The following will describe how creative SME development strategies to seize market opportunities: 1) Apply for infrastructure development assistance; through submitting requests for assistance in the form of financial assistance, logistics, etc. to the government and other financial institutions; 2) Forming a Business Group, a business that is driven independently brings an impact on the slow accumulation of capital; 3) Development of business networks, marketing, and partnerships; 4) Human Resources Development is an important factor that must be developed in all types of businesses; 5) Product promotion is a very important SME development strategy [5]–[7].

2019 is the era in which the global economy will rise and grow positively. The improving global situation will provide a positive environment for the emergence of new entrepreneurs in many economic sectors. Carl J Federick as quoted by [8] defines policy as a series of actions / activities proposed by a person, group or government in a certain environment where there are obstacles (difficulties) and opportunities for implementing the proposed policy in order to achieve certain goals.

So to understand the term policy, [6], [9] provides several guidelines as follows: 1) Policies must be distinguished from decisions, 2) Policies are not necessarily distinguishable from administration, 3) Policies include behavior and expectations, 4) Policy includes the absence of action or the existence of action, 5) Policies usually have the end result to be achieved, 6) Every policy has certain goals or objectives, either explicit or implicit, 7) Policies emerge from a process that lasts all the time, 8) Policies include inter-organizational and intra-organizational relations, 9) Public policies, although not exclusive, concern the key roles of government institutions and 10) The policies are formulated or defined subjectively.

James E Anderson as quoted by [10] states that policy is "a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern" (a series of actions that have a specific purpose which is followed and implemented, by an actor or a group of actors in order to solve a particular problem). Richard Rose as quoted by [11] also suggests that policy should be understood as a series of activities that are more or less related with consequences for those concerned rather than as an independent decision.

The use of the Greek verb related to "strategos" can be interpreted as "planning and destroying enemies by using an effective way based on the means at hand" [12]. Chandler [13] states that strategy is the setting of long-term goals for the organization, as well as the implementation of a series of actions and the allocation of resources that are important to achieve these goals. Therefore [12], [14] provides an understanding of strategy as a form of rational thought that is systematically arranged, then its formation is based on observations in experience, observations in environmental development (social, economic, political, natural, and scientific) and observations, tactics used by people and organizations. According to Mintzberg (in [15] the concept of strategy includes at least five interrelated meanings, where the strategy is a: a) Planning to further clarify the direction that the organization takes rationally to realize its long-term goals, b) Reference with regard to the consistency or inconsistency assessment of behavior and actions taken by the organization, c) The angle of positioning that the organization chooses when bringing up its activities, d) A perspective regarding the integrated vision between the organization and its environment, which becomes the boundary for its activities, e) Details of the organization's tactical steps containing information to trick competitors or opponents. [2], [16], [17] fully explain the process of the birth of strategic management through 4 (four) phases, namely:

- Phase 1. Basic financial: seeking better operational control through the meeting of budgets.

- Phase 2. Forecast-based planning: seeking more effective planning for growth by trying to predict the future beyond the next year.
- Phase 3. Externally oriented planning (strategic planning): seeking increased responsiveness to markets and competition by trying to think strategically.
- Phase 4. Strategic Management: seeking to manage all resources to develop competitive advantage and to help create a successful future.

Meanwhile, Hunger and Wheelen [18] state that the process in strategic management consists of four basic elements, namely: a) Environmental Scanning, consisting of external environmental analysis activities and internal environmental analysis in the form of a SWOT analysis (Strengths, Weaknesses), Opportunities and Threats). b) Strategy Formulation is making long-term plans to streamline management in taking advantage of opportunities and challenges in relation to the formulation of organizational strengths and weaknesses. c) Strategy Implementation is a process of implementing strategies and policies into actions taken by management by creating programs, budgets and procedures. d) Evaluation and Control is the process of linking the ideal performance with the actual performance implemented.

II. METHODOLOGY

The location of this research is the South Sulawesi Cooperative Office, and various entrepreneurial locations in Makassar Municipality. The type of research used in this research is mixed methods research. This approach is more complex than simply collecting and analyzing two types of data, and also involves the functions of the two approaches collectively so that the overall strength of this research is greater than qualitative and quantitative research. Then the qualitative method plays a role in proving, deepening, expanding, weakening and aborting the quantitative data that has been obtained at an early stage.

III. RESULT AND DISCUSSION

The focus point for empowering MSMEs in the SDGs has a clear target on welfare. The inclusion of the UMKM variable in sustainable development is a global recognition of the contribution of MSMEs during the last two decades. And the issue of MSMEs is the main agenda for heads of state in their regional relations in developing regional economies.

Therefore, Indonesian MSMEs must continue to be supported to strengthen the basis of community welfare. MSMEs in relation to the SDGs can become a pillar in creating various products and services needed by society in order to improve the quality of their living standards. With a strategy of creating more new entrepreneurs, it is possible for Indonesian MSMEs to progress and participate in supporting the government's main program in overcoming unemployment. 2019 is the era in which the global economy will rise and grow positively. The improving global situation will provide a positive environment for the emergence of new entrepreneurs in many economic sectors.

The number of MSMEs in South Sulawesi ⁴ can be seen in the following table.

Table 1. Number of Small Businesses and Total MSMEs of South Sulawesi Province.

No.	Kabupaten/kota	Tahun	
		2019	2020
1	Kabupaten Maros	30.113	30.565
2	Kabupaten Pangkep	31.904	32.383
3	Kabupaten Barru	18.098	18.369
4	Kota Pare-Pare	15.221	15.526
5	Kabupaten Pinrang	31.899	32.378
	Jumlah seluruh UMKM		
6	Kabupaten Sidrap	28.269	28.963
7	Kabupaten Wajo	57.885	58.753
8	Kabupaten Soppeng	27.855	28.273
9	Kabupaten Luwu	31.475	31.947
10	Kota Palopo	13.811	14.087
11	Kabupaten Luwu Utara	24.040	24.401
12	Kabupaten Luwu Timur	19.737	20.033
13	Kabupaten Tana Toraja	14.754	14.975
14	Kab. Toraja Utara	22.130	22.461
15	Kabupaten Bone	85.418	87.383
16	Kabupaten Sinjai	24.479	24.725
17	Kabupaten Bulukumba	44.184	44.847
18	Kabupaten Bantaeng	22.753	23.094
19	Kabupaten Selayar	15.145	15.372
20	Kabupaten Jeneponto	38.009	38.579
21	Kabupaten Takalar	36.667	37.217

22	Kabupaten Enrekang	18.087	18.358
23	Kabupaten Gowa	79.968	81.168
24	Kota Makassar	162.259	172.643

1. The table above shows the largest number of small businesses and SMEs in Makassar City, this data is the basis for this research conducted in Makassar City. The increase of MSMEs every year in Makassar, South Sulawesi is increasing, this is also influenced by the number of national scale investors, which has increased quite significantly from 2009 to 2018, the increase is 500 percent.
2. These steps are taken by the local government in seizing entrepreneurial opportunities in empowering small and medium enterprises from the central government, in an effort to increase regional income, several strategies that need to be carried out by the South Sulawesi government, especially Makassar City, include:
3. Adjustment of regulations as the legal basis for collection and strengthening of collection management;
4. Strengthening institutional and human resources for tax and retribution collectors;
5. Exploring the potential for new revenue in accordance with the authorities and laws and regulations, especially outside of local taxes and levies;
6. Increase transparency and accountability of regional revenue management by utilizing information technology-based information systems;
7. Encouraging the establishment of a system of regional revenue payments that go directly to banks / financial institutions; Improve coordination, cooperation
8. And support between SKPDs related to regional revenue management;
9. Improve evaluation, monitoring and supervision of regional revenue management;
10. Increase the participation and role of third parties in providing regional development costs;
11. Particularly for regional taxes, the improvement of tax management is carried out by: (a) increasing the intensity and effectiveness of tax arrears collection; (b) increasing ease of tax payments through: Increasing the capacity of the on-line tax payment system, Mobile Samsat, increasing the effectiveness of the drive thru, simplifying the system and procedures for paying taxes. (c) improve regional tax information and communication; (d) increasing the effectiveness of coordination and transparency among agencies related to regional taxation services. (e) establishing a tax payment system through electronic payment (e-payment) and gradually eliminating the face-to-face tax payment system with fiscus. Establishment of local tax PPNS and local tax bailiffs.

The 2018 transition program is prepared based on several considerations, as follows: (1) Has a large impact on the achievement of development targets, so that the benefits can be felt immediately by the community, (2) It is important and urgent to implement it immediately, and (3) It is a duty government and realistic to be implemented, and (4) To maintain synchronization and consistency of planning from one period to the next. The results of this study are expected to provide benefits as a source of data and information for the Makassar City Government of South Sulawesi in developing entrepreneurship in empowering small and medium enterprises in order to increase regional income, expand employment and introduce microeconomics.

As one of the information for investors and entrepreneurs both local and foreign about entrepreneurship in empowering small and medium enterprises in Makassar Municipality, South Sulawesi, the results of this study are expected to be useful as information to the public about the entrepreneurial potential of small and medium enterprises they have, so that people can have the will which is optimal for conducting and enhancing MSME activities, supporting and preserving entrepreneurship of small and medium enterprises in Makassar Municipality, South Sulawesi. Entering the 4.0 era, it is as if micro, small and medium enterprises (MSMEs) are required to develop competitiveness through the use of digital platforms. This is no exception for MSME players in Makassar City, which shows that 10% of the MSME-classified segment ecosystem is still new to using technology to support its business activities.

IV. CONCLUSION

The potential for entrepreneurship in micro / small and medium enterprises in Makassar City is quite potential to be developed, what is needed is the active involvement of the government to empower all levels of society in encouraging the willingness of business actors to optimize performance and income by utilizing technology to increase free MSME activities on line in Makassar City, South Sulawesi. Providing protection and preparing various supporting facilities to support business actors in running their business. As well as making policies that are more directed at structuring urban spatial planning and providing opportunities for small and medium enterprises to capture various financing opportunities in increasing their businesses. Entrepreneurial literacy can also be a breakthrough for local governments to develop and advance regional income through various policies that provide opportunities for the wider community to get education and training in promoting the business world by empowering small and medium enterprises based on online.

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